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IAC-D-100/3
10 January 1956

INTELLIGENCE ADVISORY COMMITTEE

Validity Study of NIE 12-54:

Probable Developments in the European Satellites

Through Mid-1956,

published 24 August 1954

The attached validity study of NIE 12-54, "Probable Developments in the European Satellites Through Mid-1956," published 24 August 1954, was approved by the IAC on 10 January (IAC-M-225, 10 January 1956, Secretary's Note 3).

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[redacted]

Secretary

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1. NIE 12-54 appears to have been in general an adequate statement of the aims of the Soviet Union in the Satellite area and of the probable courses of action of the Satellite regimes. With the lapse of one year, however, certain modifications of 12-54 appear to be indicated.

2. In its political sections, NIE 12-54 lays great emphasis on the firmness of Soviet control and the character of the control system. While this emphasis was justified, there was little discussion of the problems which confronted Soviet policy makers in their efforts to maximize the value of the Satellites to the USSR, nor any appreciation of alternative approaches to these problems which Soviet leaders might consider. The over-all effect of 12-54 is to imply inflexibility on the part of the Soviets at a time when in fact the implementation of their policy was undergoing modification.

3. The estimates for the growth of GNP and for nonagriculture production for the years 1954-1956 appear to have been somewhat low. In the case of East Germany, however, the projected rate of economic growth appears to have been high. Whereas we had estimated that by 1956 East Germany would replace Poland as the leading contributor to Satellite GNP, we no longer believe this to be the case. We now think that this will not take place even by 1960. The estimate did not take sufficient account of the extent and concreteness of projects for increased regional coordination of planning to begin in 1956.

4. In the military field, NIE 12-54 overestimated personnel strength increases of Satellite ground forces and underestimated the combat effectiveness of ground and air forces,

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including their political reliability. NIE 12-54 estimated augmentation of Satellite ground forces of 150,000 men by mid-1955. It is now believed that ground forces will increase in strength by only 115,000 by 1960. We believe this will occur despite Satellite announcements of proposed strength reductions. As to reliability, in NIE 12-54 we estimated the Satellite armed forces through 1956 would remain questionable enough to place a significant limitation on their usefulness in the event of general war. On reconsideration, we now believe that their combat effectiveness, including reliability, and especially that of ground forces, was substantially greater than estimated.

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